

Director: Paul Bullis

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	FY 2003 Actual	FY 2004 Estimate	FY 2005 Approved
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	75.0	105.0	105.0
Personal Services	2,797,900	4,163,000	4,189,300
Employee Related Expenditures	599,700	1,385,400	1,401,900
Professional and Outside Services	579,700	1,147,600	1,149,100
Travel - In State	148,800	492,200	492,200
Travel - Out of State	124,200	162,400	162,400
Other Operating Expenditures	646,500	1,249,200	830,500
Equipment	151,900	1,369,100	1,369,100
OPERATING SUBTOTAL	5,048,700	9,968,900	9,594,500
SPECIAL LINE ITEMS			
Problem Gambling	0	951,100	1,812,800
AGENCY TOTAL	5,048,700	10,920,000	11,407,300^{1/}

FUND SOURCES

Other Appropriated Funds

Arizona Benefits Fund	1,083,800	9,391,400	9,512,800
State Lottery Fund	0	0	300,000
Tribal State Compact Fund	3,964,900	1,528,600	1,594,500
SUBTOTAL - Other Appropriated Funds	5,048,700	10,920,000	11,407,300
SUBTOTAL - Appropriated Funds	5,048,700	10,920,000	11,407,300
TOTAL - ALL SOURCES	5,048,700	10,920,000	11,407,300

AGENCY DESCRIPTION — The Department of Gaming regulates Indian gaming activities authorized by the tribal-state gaming compacts. The agency is funded from the Arizona Benefits Fund, which receives a portion of Indian gaming revenues to pay for regulation of tribal gaming and prevention of problem gambling. In addition, the agency receives monies from the Tribal State Compact Fund, which consists of monies paid by gaming vendors and gaming employees for their certification.

	FY 2003 Appropriation	FY 2003 Actual	FY 2004 Appropriation	FY 2005 Appropriation
PERFORMANCE MEASURES				
• % of gaming facilities reviewed for compact compliance	80	30	80	--
• % of tribes reviewed	--	--	--	100
• % of vendor customers satisfied with process	99	95	96	96
• Administration as a % of cost	9	NA	9	5.8

Comments: The agency did not submit information for any measure labeled as "NA."

Operating Budget

The budget provides \$9,594,500 for the operating budget in FY 2005. This amount consists of \$8,000,000 from the Arizona Benefits Fund and \$1,594,500 from the Tribal State Compact Fund. The Tribal State Compact Fund amount includes an increase for statewide salary and other adjustments. *(Please see the Statewide Adjustments*

section at the end of this Appropriations Report for details.)

Budget Alignment

The budget includes an Arizona Benefits Fund decrease of \$(440,300) to align the agency's budget with the terms of Proposition 202. Based on the projected distribution of tribal gaming contributions in FY 2005 (*see table below*),

^{1/} General Appropriation Act funds are appropriated as a Operating Lump Sum with Special Line Items by Agency.

\$8,000,000 will be allocated from the Arizona Benefits Fund to the Department of Gaming for regulation.

Rent Adjustment

The budget includes a Tribal State Compact Fund increase of \$21,600 for a rent adjustment.

Special Line Items

Problem Gambling

The budget provides \$1,812,800 for Problem Gambling in FY 2005. This amount consists of \$1,512,800 from the Arizona Benefits Fund and \$300,000 from the State Lottery Fund. These amounts include an Arizona Benefits Fund increase of \$561,700 and a State Lottery Fund increase of \$300,000 to provide additional funding to the Problem Gambling Special Line Item.

The State Lottery Commission used to operate a Compulsive Gambling Treatment and Information program. In FY 2004, the program received \$300,000 from the State Lottery Fund. In the FY 2005 budget, these funds were transferred to the Department of Gaming's Problem Gambling program in order to centralize the state's efforts to combat problem gambling into one agency.

Monies in the Problem Gambling Special Line Item are used for the prevention and treatment of problem gambling. This is done by contracting with providers for the treatment of gambling addicts, by advertising a toll free helpline, and by posting signs and advertisements at casinos.

Other Issues

Tribal Gaming Contributions

The Indian tribes pay a percentage of their net win (gaming revenue minus payout) to the state. The contribution rates are as follows:

- 1% of the first \$25 million in net win
- 3% of the next \$50 million
- 6% of the next \$25 million
- 8% of net win in excess of \$100 million.

Distribution of Tribal Gaming Contributions

The following table displays the actual distribution of tribal gaming contributions in FY 2004 and the projected distribution in FY 2005.

<u>Recipient</u>	<u>Prop. 202 Formula</u>	<u>Actual FY 2004</u>	<u>Projected FY 2005</u>
Local Governments	12% of total	\$ 5.1 M	\$ 6.9 M
State Government	88% of total	<u>38.0 M</u>	<u>50.4 M</u>
<i>Total</i>	<i>100% of total</i>	<i>43.1 M</i>	<i>57.3 M</i>
<u>Allocation of State Government's Share</u>			
Department of Gaming – Regulation	\$8 Million, or 9%, whichever is greater	8.0 M	8.0 M
Department of Gaming – Problem Gambling	2% of state share	0.8 M	1.0 M
Instructional Improvement Fund	56% of remainder	16.4 M	23.2 M
Trauma and Emergency Services Fund	28% of remainder	8.2 M	11.6 M
Arizona Wildlife Conservation Fund	8% of remainder	2.3 M	3.3 M
Tourism Fund	8% of remainder	2.3 M	3.3 M

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